



5 Things to know when financing your investment

As the preferred lending partners for the Fourplex Investment Group, our role is to help you structure your approval and financing for your investment. Here are five key things to be aware of as you begin your process.

A construction loan & long term refinance

You will have two separate transactions associated with your property purchase- a construction loan for the acquisition & building of the property, and a permanent loan refinance upon completion of the property.

Construction loan- Takes place before construction on the property commences. This loan is temporary in nature (9-12 months) & is meant to cover the costs of acquiring & building the property. The down payment funds & construction loan closing costs will be due at the time of your construction loan close. FIG does offer an option that allows you to increase the purchase price and have the builder cover the construction closing costs. Talk with your Realtor and/or FIG rep if you would like to explore this option.

Long term take out- This loan converts your construction loan to a permanent Fannie Mae or Freddie Mac mortgage (also known as traditional financing). This transaction is executed upon substantial completion of the property. The interest rate for your long term loan is locked in when your property is within 30-60 days of completion.

Required Documentation

Investment property mortgages require certain financials & documentation to be provided. These requirements typically include federal taxes for the last three years (personal taxes & business taxes if applicable), bank/investment statements, paystubs, rental contracts, etc. We let you know upfront what will be required for your specific transaction and create a secure online folder where you can smoothly upload the documents.

Down payment requirements

25% of the final purchase price will be required as a down payment on two, three & four unit properties. The down payment for your property is due at your construction close before construction commences. Exceptions for slightly lower down payments can be made if you intend to owner occupy the one of your units upon completion. These exceptions are reviewed on a per-development basis and may be available depending on construction lending rules at the time of your purchase."

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5 Things to know when financing your investment (continued)

Filing your taxes during the construction process

Because it can take 10-18 months from the time of your pre-approval until the time of property completion, it is likely that you will file federal taxes again during the building process. It is vital to show income on your new taxes that is consistent with the income used on the taxes you provided during pre-approval. As a form of risk elimination, I can review your newly prepared taxes after they are prepared but before they are filed with the IRS to verify that everything looks good.

Preferred lender incentive

Multi-family, new construction, investment PUD property financing requires lending expertise above & beyond regular mortgage products. The preferred lending partners have experienced knowledge of FIG's developments, new construction financing, and investment mortgage guidelines. Keeping with the team in place can help streamline your financing experience and avoid frustrations of having to learn the financing process along side less experienced lending teams. FIG offers complimentary refrigerators in all your units when using the preferred lending team for your financing. This is a value of \$2-3k depending on the number of units your property has.



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